

1. ArenaCo will acquire the real property comprising the site on which the Facility is to be constructed ("Site").
2. ArenaCo will obtain all permits required to construct the Facility. As with other similar major projects, at ArenaCo's expense, the City will provide dedicated planning staff to review and process permit applications.
3. ArenaCo or an ArenaCo affiliate ("NBA Owner") will secure ownership rights to a National Basketball Association team ("NBA Team").
4. ArenaCo, an ArenaCo affiliate or a third party under contract with ArenaCo or an ArenaCo affiliate ("NHL Owner") will secure ownership rights to a National Hockey League team ("NHL Team").
5. After all land use issues are resolved to permit construction of the Facility, the City will acquire the Site from ArenaCo. The purchase price for the Site will be payable in cash at the fair market value of the Site, as permitted and entitled for use as a multipurpose professional sports arena. The fair market value of the Site will be determined by an independent appraiser.
6. The City will ground lease the Site to ArenaCo for a term of 30+ years.
7. The City, the County and ArenaCo will enter into an agreement ("Umbrella Agreement") requiring ArenaCo to design and construct a state-of-the-art arena suitable for NBA Team and NHL Team as well as other live sports, entertainment and other public events. The Umbrella Agreement will require that design, construction and amenities of the Facility be consistent with three mutually acceptable NBA/NHL facilities.
8. The Umbrella Agreement will require that ArenaCo operate the Facility consistent with the standards in effect at three mutually acceptable NBA/NHL facilities.
9. ArenaCo will be solely responsible for the cost of design, permitting and construction and will own the improvements on the Site prior to substantial completion of the Facility. ArenaCo will be responsible for all construction cost overruns. The Facility will be constructed in accordance with applicable prevailing wage laws and regulations.
10. The Umbrella Agreement will specify a process for coordinating the schedule for events to be held at the Facility, including community use and public access to the Facility in a manner that is consistent with other Facility uses. The operating expenses for community events will be paid by parties other than ArenaCo.
11. NBA Team and NHL Team will be moved to and domiciled for tax purposes in Seattle. Following their relocation to Seattle and prior to completion of the Facility, NBA Team and NHL Team will play their home games in KeyArena. NBA Team and NHL Team will enter into non-relocation agreements for the term of the Umbrella Agreement. NBA Team and NHL Team will be subject to specific performance and/or be required to pay liquidated damages upon an event of default under the applicable non-relocation agreement sufficient to reimburse the City and County for their investment.

12. Prior to completion of the Facility, ArenaCo may manage and operate KeyArena pursuant to a management agreement with the City. The City and ArenaCo will consider potential options for long-term management of KeyArena.
13. The Umbrella Agreement will require that, upon completion of the Facility and throughout the term of the Umbrella Agreement, ArenaCo will make the Facility available for use by NBA Team and NHL Team, and NBA Team and NHL Team will play their home games in the Facility.
14. The Umbrella Agreement will provide that when the Facility is ready for occupancy, the City and County will lease the Facility back from ArenaCo (with an option to purchase). At that time the City and County will pay, or provide for payment, to ArenaCo of their respective amounts agreed to in the Umbrella Agreement. The City and County may finance their respective payments either by the issuance of certificates of participation in the payments to be made under the Umbrella Agreement or by the issuance of general obligation bonds to prepay their payment obligation in full. The total obligations undertaken by the City and County will not exceed \$200 million.
15. The City and County will lease the Facility to ArenaCo for 30 years.
16. ArenaCo will pay rent to the City and County each year in the amount specified in the Umbrella Agreement ("Base Rent") *plus* the amount ("Additional Rent") that will be sufficient, together with the Facility Tax Revenues described below received by the City and County in that year, to reimburse the City and County for their respective financing obligations attributable to that year and, with respect to the City, to comply with the "fair value" requirement of I-91 ("Annual Reimbursement Amount"). "Facility Tax Revenues" means (i) tax revenues (such as sales tax, property tax, leasehold excise tax and admission tax) that have been determined by the City and County to have been received by the City or the County on and from the Site and Facility and are legally available for this purpose and (ii) tax revenues (such as business and occupation tax revenues) that have been determined by the City to have been received by the City from ArenaCo, NBA Owner or NHL Owner or their respective affiliates. In accordance with I-91, "Facility Tax Revenues" excludes all intangible, indirect, non-cash items such as goodwill, cultural or general economic benefit to the City and unsecured future cash revenues.
17. ArenaCo will be entitled to the revenue generated from and in the Facility, subject to the payment and reserve requirements described below.
18. The City and County's rights to receive required payments of Base Rent and Additional Rent will be senior to all other creditors. ArenaCo will secure Base Rent and Additional Rent payable under the Umbrella Agreement as follows:
  - ArenaCo will fund a Reserve Account (held by or in trust for the City and County) in an initial amount equal to the Annual Reimbursement Amount. The amount required to be deposited into the Reserve Account ("Reserve Account Requirement") will increase over time, in accordance with the schedule specified in the Umbrella

Agreement, until after ten years, when the Reserve Account Requirement will equal three times the average Annual Reimbursement Amount.

- All Facility Tax Revenues received by the City or the County in excess of the Annual Reimbursement Amount (less the amount of Base Rent received by the City and County), if any, will be deposited into the Reserve Account until the balance in the Reserve Account equals the Reserve Account Requirement.
- Thereafter, all such Facility Tax Revenues will be deposited in a Facility Capital Account (held by or in trust for the City and County) in the event that any required deposit into the Facility Capital Account (as described below) has not been made.
- Thereafter, all such Facility Tax Revenues will be applied as specified in the Umbrella Agreement.

19. Amounts in the Reserve Account will be used to make payment of the Annual Reimbursement Amount in the event of any shortfall in Base Rent and Additional Rent.
20. Amounts in the Facility Capital Account will be used to make capital repairs to and replacements of components of the Facility to ensure that the Facility is maintained in first-class condition throughout the term of the Umbrella Agreement, according to a schedule prepared by an independent engineer. The Umbrella Agreement will require minimum annual deposits into the Facility Capital Account to be made by ArenaCo.
21. Upon the expiration of the term of the Umbrella Agreement, the Site ground lease will expire and ownership of the Facility will revert to the City and/or County.